

## Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 L-03 FRB-03 OMB-01 ITC-01  
SP-02 AGRE-00 AID-05 CIAE-00 COME-00 INR-10  
LAB-04 NSAE-00 OIC-02 SIL-01 STR-07 TRSE-00  
CEA-01 SS-15 STRE-00 DODE-00 NSCE-00 SSO-00  
ICAE-00 INRE-00 AF-10 ARA-10 EA-10 EUR-12 NEA-10  
JUSE-00 /129 W

-----123461 011323Z /72

O 011304Z MAY 78

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 9036

C O N F I D E N T I A L GENEVA 06543

PASS ELECTRONICALLY USDA FOR SEC. BERGLAND, ASST. SEC.  
HATHAWAY; AND STR FOR AMB. WOLFE

STATE FOR ASST. SEC. KATZ

E.O. 11652: GDS

TAGS: EAGR ETRD OCON

SUBJECT: UNCTAD GRAIN NEGOTIATIONS

REF: STATE 108445

1. U.S. DELEGATE TO INTERIM COMMITTEE OF UNCTAD GRAINS  
CONFERENCE WOULD APPRECIATE CLARIFICATION OF INSTRUCTIONS  
AS FOLLOWS:

(A) HERETOFORE U.S. POSITION HAS BEEN THAT IT WOULD  
"DISCUSS" COARSE GRAINS. REFTEL STATES THAT U.S.  
DELEGATION AUTHORIZED TO STATE IN MEETING THAT U.S. IS  
PREPARED "TO NEGOTIATE AN INTERNATIONAL AGREEMENT ON  
COARSE GRAINS." IN LIGHT OF POLITICAL SENSITIVITY OF  
SUCH DEVELOPMENT IS U.S. PREPARED TO ANNOUNCE SAME  
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INTENTION TO OTHERS IN GROUP TWELVE AND TO RESPOND IN  
KIND TO PRESS INQUIRIES?

(B) PARAGRAPH 3 OF REFTEL STATES THAT U.S. IS PREPARED  
TO NEGOTIATE AS "CONCRETE AND MEANINGFUL AN AGREEMENT  
AS POSSIBLE." DOES THIS MEAN THAT WE WOULD BE PREPARED  
TO ANNOUNCE INTENTION TO NEGOTIATE AGREEMENT WITH

SUBSTANTIVE ECONOMIC PROVISIONS IF OTHER PARTICIPANTS  
ARE SO WILLING.

(C) PARAGRAPH 3 REFTEL STATES PARTICIPATING COUNTRIES  
"WOULD BE REQUIRED TO CONSULT BEFORE INITIATING CHANGES  
IN DOMESTIC POLICIES, WHICH COULD PREJUDICE THE OBJECTIVES  
OF THE INTERNATIONAL AGREEMENT". WOULD THIS REQUIREMENT  
ONLY APPLY TO CHANGES IN LOAN RATE, SET-ASIDE, AND  
OTHER DISCRETIONARY PROGRAM ADJUSTMENTS OR WOULD IT  
ALSO APPLY TO ACTIONS TO AMEND BASIC LEGISLATION?  
SINCE IT IS POSSIBLE THAT ADJUSTMENTS SUCH AS LAND  
RETIREMENT AND STOCKHOLDING BEYOND SPECIFIC INTERNATIONAL  
COMMITMENTS ON THE PART OF THE U.S. WOULD BE MORE  
SPECIFIC AND EXPOSED THAN THAT WHICH COULD BE EXPECTED  
OF OUR TRADING PARTNERS U.S. DEL WOULD APPRECIATE  
GUIDANCE ON EQUIVALENCY WHICH WOULD BE EXPECTED. ARE  
SUCH COMMITMENTS ENTIRELY OF A DISCRETIONARY NATURE OR  
WOULD THE U.S. ACCEPT SANCTION, MORAL OR OTHERWISE, IF  
IT ACTS AGAINST THE ADVICE OF ITS TRADING PARTNERS.

(D) SAME PARAGRAPH SUGGESTS THAT ACCEPTANCE BY U.S. OF  
A CONSULTATIVE COARSE GRAINS ARRANGEMENT BASED ON  
INDICATOR SCALE "WOULD BE FACILITATED BY CONFIDENCE  
THAT EC WAS IN FACT PREPARED TO TAKE MEASURES TO INCREASE  
UTILIZATION AT LOWER END OF PRICE BRACKET." HERETOFORE  
U.S. DELEGATE UNDERSTANDING OF U.S. POSITION WAS THAT  
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ACCEPTANCE OF SUCH AN APPROACH (ARGENTINE PLAN) WOULD  
BE PREDICATED UPON COMMITMENTS BY THE EC TO INCREASE  
UTILIZATION. FURTHER THE EXTENT OF U.S. ACCEPTANCE OF  
ANY EXTERNAL OBLIGATIONS (BEYOND CONSULTATIVE) WOULD  
DEPEND ON MEANINGFUL (QUANTIFIABLE) UTILIZATION COMMIT-  
MENTS BY OUR TRADING PARTNERS, PARTICULARLY THE EC.  
DOES REFTEL SUGGEST NEW U.S. POSITION?

(E) COARSE GRAIN INDUSTRY REPS (STOLTE AND ARENDT)  
FOLLOWING LAST WEEK'S MEETING WITH STR/STATE, REPORTED  
THAT THEY WOULD BE ONLY ASKED TO ACCEPT AN ARRANGEMENT  
ON COARSE GRAINS IN RETURN FOR SOMETHING OF IMPORTANCE  
ON MARKET ACCESS. THEIR IMPRESSION WAS THAT THIS WOULD  
INVOLVE NOTHING MORE THAN A CONSULTATIVE ARRANGEMENT  
(WHICH THEY MAY BE INTERPRETING AS ARGENTINE TYPE  
RATHER THAN ONE WITH INDICATOR SCALE). THEY MAY NOT  
HAVE FULLY COMPREHENDED THAT OUTCOME COULD BE AN ARRANGE-  
MENT WITH NOTIONAL PRICES WHICH COULD EVOLVE MORE AS  
OBLIGATORY RATHER THAN MERELY INDICATIVE, AT LEAST AS A  
MORAL COMMITMENT. THUS, WE FEEL FURTHER CONSIDERATION  
REFTEL MAY BE NEEDED, AS WELL AS FURTHER INDUSTRY  
CONSULTATION. IN FACT WE BELIEVE THESE OPTIONS

(ARGENTINE, ARGENTINE PLAN AND STABILIZATION AGREEMENT)  
SHOULD BE DISCUSSED IN DETAIL WITH G&F ATAC AT MAY 10  
MEETING.

2. BECAUSE OF SIGNIFICANCE THAT REFTTEL IMPLIES FOR  
BASIC U.S. NEGOTIATING POSITION. WOULD APPRECIATE  
IMMEDIATE ATTENTION TO THESE QUESTIONS. VANDEN HEUVEL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INSTRUCTIONS, GRAINS, NEGOTIATIONS, TRADE AGREEMENTS  
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**Copy:** SINGLE  
**Draft Date:** 01 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Case Number:** n/a  
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**Disposition Date:** 20 Mar 2014  
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**Disposition History:** n/a  
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**Subject:** UNCTAD GRAIN NEGOTIATIONS  
**TAGS:** EAGR, ETRD, OCON, US  
**To:** STATE  
**Type:** TE  
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